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Moving Expenses

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For use in preparing
1980 Returns

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Introduction

If you changed job locations last year, or started a new job, you may be able to deduct your moving expenses. You may qualify for a deduction whether you are self-employed or an employee. The expenses must be connected with starting work at the new job location. You must meet certain tests of distance and time, explained later. You also may be able to deduct expenses of moving to the United States if you retire while living and working overseas or if you are a survivor or dependent of a person who died while living and working overseas.

You should use Form 3903, *Moving Expense Adjustment*, if your move is within or to the United States. You should use Form 3903F, *Foreign Moving Expense Adjustment*, if your move is outside the United States. You may deduct your allowable moving expenses even if you do not itemize your deductions.

Subject to the *Dollar limits*, explained later, your moving expense deduction may include expenses of:

1) Traveling to the new location,
2) Moving household goods and personal items,
3) Househunting trips before you move,
4) Temporary living expenses at the new location, and
5) Disposing of your former home and getting the new one.

No double deduction. You cannot take a moving expense deduction and a business expense deduction for the same expenses. Whether you may deduct the expenses related to the start of work at a new place as business expenses you had while away from home or as moving expenses you had in moving to a new job location depends on the circumstances.

Home. Your home means your principal home (residence). It may be a house, apartment, or condominium. It also may be a houseboat, housetrailer, or similar dwelling. Your former home means your home before you left for your new job location. Your new home means your home within the area of your new job location. Your home does not include other homes owned or kept up by you or members of your family or a seasonal home such as a summer beach cottage.

You may be able to deduct moving expenses if you meet the following tests.

1) Distance. Your new job location must be at least 35 miles farther from your former home than your old job location was.

2) Time. If you are an employee, you must work full time for at least 39 weeks during the 12 months right after you move. If you are self-employed, you must work full time for at least 39 weeks during the first 12 months and at least 78 weeks during the first 24 months right after you move.

3) Closely related to the start of work. In general you must have had your moving expenses within one year from the time you first report to your new job or business. The move must be connected with the start of work at the new location.

4) Your expenses must be reasonable.

Distance Test

You may deduct moving expenses if your new main job location is at least 35 miles farther from your former home than your old main job location was. For example, if your old job was 3 miles from your former home, your new job must be at least 38 miles from that home. If you did not have an old job location, your new job location must be at least 35 miles from your former home.

The distance between two points is the shortest of the more commonly traveled routes between those points. The distance test does not apply to the location of the new home.

Example. Your old job was 3 miles from your former home. Your new job is 40 miles from that home. You moved to a new home less than 35 miles from your former home. Because your new job is 37 miles farther from your former home than the distance from your former home to your old job, you have met the 35-mile distance test.

Exception. If you are in the armed forces, you do not have to meet the distance test if your move was due to a permanent change of station. See *Members of the armed forces*, later.

Your main job location is usually the place where you spend most of your working time. A new job location is a new place where you will work on a permanent or indefinite basis rather than on a temporary basis. However, you may have a main job location even if there is no one place where you spend most of your working time. In this case, use the distance to the place where your work is centered—for example, where you report for work or are otherwise required to "base" your work.

If you work for a number of employers on a short-term basis, and you get work under a union hall system (such as a construction or building trades worker), use the distance between your home and the union hall.

More than one employer. If you have more than one employer at any time, use the distance to your main job location. Your main job location depends on the facts in each case. Factors considered are the total time you spent at each place, the amount of work you did at each place, and the money you earned from each place.

First job. If you go to work full time for the first time, or go back to full-time work after a substantial period of part-time work or of unemployment, your place of work must be at least 35 miles from your former home to meet the distance test.

Time Test

To deduct your moving expenses, you also must meet one of the following time tests.

1) Employees. If you are an employee, you must work full time at least 39 weeks during the 12-month period following your arrival in the general area of your new job location. You do not have to work for one employer for the 39 weeks. You do not have to work 39 weeks in a row. You must work full time within the same general commuting area. Whether you are employed full time depends on the custom for your type of work. For example, a school teacher on a 12-month contract who teaches on a full-time basis for more than 6 months is considered a full-time employee for the entire 12 months.

Any week that you work full time is used to satisfy the 39-week full-time work test. If the work is seasonal, you are considered to be working full time during the off-season weeks if your contract or agreement covers an off-season of less than 6 months. You are considered to be working during any week you are temporarily absent from work because of illness, strikes, or similar causes. You also are considered to be a full-time employee during any week you are absent from work for leave or vacation that is provided for in your work contract or agreement.

Joint return. If you are married and file a joint return and if both you and your spouse work full time, either of you may satisfy the full-time work test. But you may not add the weeks your spouse worked to those you worked to satisfy that test.

2) Self-employed persons. If you are self-employed, you must work full time for at least 39 weeks during the first 12 months and for a total of at least 78 weeks during the 24 months after your arrival in the area of your new job location.

If you become self-employed before satisfying the 39-week test for employees, you may take the deduction if you meet the 78-week test for self-employed persons.

If you are self-employed and become an employee before satisfying the 78-week test, you may use the time spent as a full-time employee to satisfy the 78-week test if you cannot satisfy the 39-week test for employees.

See *Self-Employed,* later, for more information.

Time test not met. You may deduct your moving expenses even if you have not met the time test by the time your 1980 return is due. You may do this if you expect to meet the 39-week test by the end of 1981 or the 78-week test by the end of 1982. If, afterwards, you do not meet the time test, you either must report the amount of your deduction as income on the return for the year you cannot meet the test or amend your 1980 return.

If you do not deduct your moving expenses on your 1980 return, and you later meet the time test, you may file an amended return for 1980, taking the deduction. To do this, use Form 1040X, *Amended U.S. Individual Income Tax Return.*

You must report any reimbursement in the year you receive it.

Example. You arrive in the general area of your new job on September 15. You deduct your moving expenses on your return for the year of the move even though you have not met the time test by the time your return is due. If you do not meet the 39-week test by the following September 15, you must report as income on your return for that following year the amount you had deducted as moving expenses on your previous year's return, or amend your previous year's return.

Note: If your moving expenses become nondeductible because you did not meet the time test, you may still use the part of these expenses that is for the sale, exchange, or purchase of a home to adjust your amount realized from the sale of your former home or your basis in your new home. This will lower your gain on the sale of your old home, or your gain when you sell your new home.

Exceptions. You do not have to meet the time test if one of the following situations applies:

1) You are in the armed forces and your move was due to a permanent change of station (see *Members of the armed forces,* later),
2) You moved to the United States because you retired or are the survivor of a person who died while living and working outside the United States (see *Retired people and survivors living outside the United States,* later), or
3) Your job at the new location ends because of disability, transfer for the employer's benefit, or layoff other than for willful misconduct. The time test also does not have to be met in case of death. If you are transferred from your new job location, you must have expected to meet the test at the time you started the job.

Closely related to the start of work. In general, you must have had moving expenses within one year from the time you first reported to your job or business and the move must have been connected with the start of work at the new location. If you do not move within one year, you ordinarily may not deduct the expenses unless you can show that circumstances existed that prevented the move within that time. For example, if your family moved more than a year after you started work at the new location to allow your child to complete junior high school in the same school, you may deduct your allowable moving expenses.

A move is generally not connected with the start of work if the distance from your former home to the new job location is shorter than the distance from your new home to the new job location. A move is considered closely related to the start of work if:

1) You are required to live at the new location as a condition of employment, or
2) You will spend less time or money commuting from the new home to the new job.

Deductible Moving Expenses

You can deduct expenses of moving your possessions, traveling to your new home, looking for a new home, living temporarily in the new area, selling and buying a home, or settling and signing a lease. If your move is outside the United States, you also can deduct storage expenses and the expenses of moving your possessions to and from storage.

If you use your car to take yourself, your family, or your things to your new home, or for househunting, you may figure your expenses in either of two ways:

1) You may deduct your actual expenses such as gas and oil for the use of your car, if you keep an accurate record of each expense, or
2) You may deduct 9 cents a mile instead of the actual costs if you can prove the mileage traveled.

You also may deduct parking fees and tolls you paid in moving. You may not deduct any part of general repairs, general maintenance, insurance, or depreciation.

Moves Within or To the United States

You can deduct expenses for a move to the area of a new main job location within the United States or its possessions. Your move can be from one U.S. location to another or from a foreign country to the United States.

Use Form 3903, *Moving Expense Adjustment,* to support your deduction if your move is within or to the United States.

A line-by-line explanation of the expenses that you can deduct on Form 3903 (shown later) follows.

Line 1, Household goods and personal effects. You may deduct the expenses of moving your possessions and the possessions of the members of your household.

This includes the actual cost of transportation or hauling from your former home to your new one, the cost of packing and crating, in-transit storage, and insurance. Expenses of storing and insuring household goods and personal effects are in-transit expenses if you have them within any 30 days in a row after the day your things are moved from your former home and before they are delivered at your new one.

You may deduct your expenses in moving your household goods and personal effects from a place other than your former home only up to the amount it would have cost to move them from your former home.

Example. James Brown is a resident of North Carolina and has been in college in that state pursuing a graduate degree for the last 4 years. Because of the small size of his quarters, he has stored some of his furniture in Georgia with his parents. Upon getting work in Washington, D.C., he moves not only the furniture in North Carolina but also his furniture stored in Georgia. The cost of shipping

his furniture from North Carolina is $300. The cost of shipping his furniture from Georgia is $1,100. If this furniture had been shipped from North Carolina, it would have cost $600. He may deduct $900 ($300 + $600).

You may not deduct the cost of moving furniture you buy on the way to your new home.

You may deduct the cost of shipping your car and your household pets to your new home.

Line 2, Travel expenses. You may deduct the cost of transportation, meals, and lodging for yourself and members of your household while traveling from your former home to your new home. This includes expenses for the day you arrive. This also includes any meals and lodging expenses you had in your former area within one day after you could not live in your former home because your furniture had been moved. You may deduct expenses for only one trip to your new home for yourself and members of your household. However, all members do not have to travel together. If you use your own car, see *If you use your car*, earlier.

A member of your household includes anyone who has both your former and new home as his or her home. It does not include a tenant or employee, unless you can claim that person as a dependent.

Line 3, Pre-move househunting expenses. Househunting expenses include the cost of transportation, meals, and lodging for yourself and members of your household while traveling to and from the area of your new job and while you are there. You may deduct these expenses only if you begin your trip after you get a job in the new area, and you go primarily to look for a new place to live. Your househunting does not have to be successful to qualify for this deduction. You and members of your household may travel separately. You are not limited to the number of trips you or members of your household may take. However, see *Dollar limits*, later. If you use your own car, see *If you use your car*, earlier.

Line 4, Temporary living expenses. The temporary living expenses include only the costs of meals and lodging in the area of your new job. You may deduct these costs, subject to the *Dollar limits*, discussed later, for any 30 days in a row after you get the job.

Line 5, Total. Add the amounts on lines 3 and 4.

Line 6, Limits. See *Dollar limits*, later.

Lines 7 and 8, Home sale, purchase, or lease expenses. You may deduct the costs of selling your home or settling your lease in the former area and buying or leasing a home in the new area. See *Security deposit*, later.

When you sell or exchange your former home, you may deduct:

- Real estate commissions,
- Attorney's fees,
- Title fees,
- Escrow fees,
- Points or loan placement charges you are required to pay,
- State transfer taxes, and
- Similar expenses connected with the sale or exchange of your former home.

However, you may ***not*** deduct the cost of physical improvements intended to improve the condition or appearance of your former home.

You may treat these sale-related expenses as moving expenses or you may use them to reduce the amount of gain you realized from the sale of your former home. See *No double benefit* and *Dollar limits*, later.

When you buy your new home, you may deduct:

- Attorney's fees,
- Escrow fees,
- Appraisal fees,
- Title costs,
- Points or loan placement charges ***not*** representing payment or prepayment of interest, and
- Similar expenses connected with the purchase of your new home.

You may treat these purchase-related expenses as moving expenses or you may add them to the basis of your new home which, in effect, reduces the amount of gain you realize when you sell it. See *No double benefit* and *Dollar limits*, later.

When you end an unexpired lease on your former home, you may deduct:

- Payments to the lessor for releasing you from the lease,
- Attorney's fees,
- Real estate commissions, and
- Expenses, such as the difference between the rent you pay and the rent you receive from an assignee or sublessee.

When you lease a new home, you may deduct:

- Attorney's fees, and
- Commissions.

These expenses may be for leasing, subleasing, or taking an assignment of a lease. You cannot deduct payments or prepayments of rent. See *Security deposit*, later.

If you are a homeowner, it is usually better to deduct as current moving expenses the expenses you have in selling your former home and buying your new home rather than using the sale-related expenses to reduce the gain you realized from the sale of your former home and your purchase-related expenses to increase the basis of your new home. You may use the sale-related expenses ***which you do not claim as moving expenses*** to reduce the gain that you realize on the sale of your former home and you may use the purchase-related expenses ***which you do not claim as moving expenses*** to increase the basis of your new home.

No double benefit. The expenses on lines 7 and 8 that become part of your moving expense deduction may not be used to reduce the amount realized on the sale of your former home and may not be added to the basis of your new home.

Line 9, Total. Add the amounts on lines 6, 7, and 8.

Line 10, Limits. See *Dollar limits*, later.

Line 11, Total moving expenses. Add the amounts on lines 1, 2, and 10.

Lines 12, 13, 14, Reimbursements and allowances. See *All reimbursements* under *How to Report*, later.

Expenses must be reasonable. You may not deduct expenses that are more than a reasonable amount for the circumstances of the move. The cost of traveling from your former home to your new one should be by the shortest, most direct route available by conventional transportation.

Dollar limits. Lines 1 and 2 (costs of moving household goods and costs of travel to your new home) are not limited to any amount. All the other costs (lines 3, 4, 7, and 8) together cannot be more than $3,000. In addition, line 3 (househunting trip costs) and line 4 (temporary living expenses) together cannot be more than $1,500. Exceptions are explained later under *Married persons filing separate returns* and *Married persons filing a joint return.*

If you are a homeowner, you should claim premove househunting expenses and temporary living expenses (lines 3 and 4, up to $1,500) before you claim the costs of selling and buying your home as moving expenses (lines 7 and 8). However, within the dollar limits you may choose to deduct any combination of these expenses. If you have expenses for selling or buying a home that you cannot deduct as moving expenses because of the $3,000 limit, you should use these expenses to reduce the gain on the sale of your former home or to increase the basis of your new home.

Married persons filing separate returns:

1) If both of you began work at new job locations and lived together, the limit is $1,500 for each of you for househunting trips, temporary living expenses, and selling and buying a home (lines 3, 4, 7, and 8). No more than $750 for each can be for househunting and temporary living expenses (lines 3 and 4).
2) If only one of you began work at a new job location, the limit for that person is $3,000 for lines 3, 4, 7, and 8. No more than $1,500 can be for lines 3 and 4, or
3) If both of you began work at new job locations, but you have not shared the same new home by the end of the tax year or made plans to share the same new home, the limit for each of you is $3,000 for lines 3, 4, 7, and 8. No more than $1,500 for each can be for lines 3 and 4.

Example. Ralph and Mary Brown are married, but separated. Ralph moved from New York to California. His moving expenses were $3,600 for househunting trips, temporary living expenses, and selling his home. Mary moved from New York to Washington, D.C. Her moving expenses were $3,200. Neither had more than $1,500 in expenses for househunting trips and temporary living expenses. Each may claim the full $3,000 on a separate return.

Married persons filing a joint return. If both of you begin work at new job locations, but at the end of the tax year have not shared the same new home or made plans to do so, the limit is $6,000 for househunting trips, temporary living expenses, and buying and selling a home (lines 3, 4, 7, and 8) of which no more than $3,000 may be for househunting and temporary living expenses (lines 3 and 4). However, of the $6,000 and $3,000 limits, each spouse is limited to $3,000 for lines 3, 4, 7, and 8, and to $1,500 for lines 3 and 4.

If you shared the same new home, the limit for both of you together is $3,000 for lines 3, 4, 7, and 8, of which no more than $1,500 may be lines 3 and 4.

Moves Outside the United States

To deduct expenses for a move outside the United States, you must be a U.S. citizen or resident who moves to the area of a new place of work outside the United States or its possessions. You must meet the requirements for a move within or to the United States.

Use Form 3903F, *Foreign Moving Expense Adjustment,* if your move is outside the United States.

For a line-by-line explanation of expenses that can be deducted on Form 3903F, see the line-by-line explanation for Form 3903 under *Moves Within or to the United States,* earlier. The following line-by-line explanation of expenses that you can deduct on Form 3903F (shown later) only gives additional information for moves outside the United States.

Line 1, Household goods and personal effects. You may deduct the expenses of moving your possessions to and from storage, and storing them for all or part of the time the new job location outside the United States remains your main job location.

Note: If you moved in an earlier year and are deducting only storage fees while you are gone from the United States, do not use Form 3903F. Enter the total on line 23, Form 1040, and write "storage fees" to the left of the entry space.

Line 2, Travel expenses. The same as Form 3903.

Line 3, Pre-move househunting expenses. The same as Form 3903.

Line 4, Temporary living expenses. You may deduct the temporary expenses for 90 days in the area of your new job location instead of 30 days.

Line 5, Total. Add the amounts on lines 3 and 4.

Line 6, Limits. See *Dollar limits,* later.

Lines 7 and 8, Home sale, purchase, or lease expenses. The same as Form 3903.

Line 9, Total. Add the amounts on lines 6, 7, and 8.

Line 10, Limits. See *Dollar limits,* later.

Line 11, Total moving expenses. Add the amounts on lines 1, 2, and 10.

Lines 12, 13, 14, Reimbursements and allowances. See *All reimbursements* under *How to Report,* later.

Dollar limits. Lines 1 and 2 (costs of moving household goods and costs of travel to your new home) are not limited to any amount. All the other costs (lines 3, 4, 7, and 8) together cannot be more than $6,000. In addition, line 3 (househunting trip costs) and line 4 (temporary living expenses) together cannot be more than $4,500. Exceptions are explained later under *Married persons filing separate returns* and *Married persons filing a joint return.*

If you are a homeowner, you should claim premove househunting expenses and temporary living expenses (lines 3 and 4), up to $4,500, before you claim the costs of selling and buying your home as moving expenses (lines 7 and 8). However, within the dollar limits you may choose to deduct any combination of these expenses. If you have expenses for selling or buying a home that you cannot deduct as moving expenses because of the $6,000 limit, you should use these expenses to reduce the gain on the sale of your former home or to increase the basis of your new home.

Married persons filing separate returns:

1) If both of you began work at new job locations outside the United States and lived together, the limit is $3,000 for each of you for househunting trips, temporary living expenses, and selling and buying a home (lines 3, 4, 7, and 8). No more than $2,250 for each can be for househunting and temporary living expenses (lines 3 and 4),
2) If only one of you began work at a new job location, the limit for that person is $6,000 for lines 3, 4, 7, and 8. No more than $4,500 can be for lines 3 and 4, or
3) If both of you began work at new job locations outside the United States, but you have not shared the same new home as of the end of the tax year or made plans to share the same new home, the limit for each of you is $6,000 for lines 3, 4, 7, and 8. No more than $4,500 for each can be for lines 3 and 4.

If in situation (3) one of you began work at a new job location outside the United States and the other at a new job location within the United States, the one who works in the United States is subject to the $3,000 and $1,500 limits and should use Form 3903.

Married persons filing a joint return. If both of you began work at new job locations outside the United States, but you have not shared the same new home as of the end of the tax year or made plans to do so, the limit is $12,000 for househunting trips, temporary living expenses, and buying and selling a home (lines 3, 4, 7, and 8) of which no more than $9,000 can be for househunting and temporary living expenses (lines 3 and 4). However, of the $12,000 and $9,000 limits, each spouse is limited to $6,000 for lines 3, 4, 7, and 8 and $4,500 for lines 3 and 4.

If one of you began work at a new job location outside the United States and the other at a new job location within the United States, the one who works in the United States is subject to the $3,000 and $1,500 limits. You should file both a Form 3903 and a Form 3903F with your return. Your total deduction is limited to $9,000 for lines 3, 4, 7, and 8 ($3,000 on Form 3903 and $6,000 on Form 3903F). The total for lines 3 and 4 is limited to $6,000 ($1,500 on Form 3903 and $4,500 on Form 3903F).

Nondeductible Moving Expenses

You cannot deduct the following as moving expenses:

- Home improvements to help sell your home
- Loss on the sale of your home
- Mortgage penalties
- Losses from disposing of memberships in clubs
- Any part of the purchase price of your new home
- Real estate taxes
- Car tags for the state you move to
- Driver's license for the state you move to
- Refitting carpets and draperies

Security deposit. Do not deduct a security deposit you paid when you signed a new lease. Do not deduct a security deposit that you gave up because the vacated space needed cleaning or redecorating when you ended a lease. However, you may deduct a security deposit that you gave up if you broke the lease as a result of the move.

Temporary employment. Do not deduct any moving expenses if you temporarily worked at a new place and were considered away from home on business. Where you work is not your main place of work if you can deduct expenses for travel, meals, and lodging while you are away from home.

How to Report

Your employer must give you an itemized list of payments, reimbursements, or allowances paid to you as moving expenses. Form 4782, *Employee Moving Expense Information,* may be used for this purpose.

Where to deduct. You may deduct moving expenses in figuring your adjusted gross income. Therefore, you may deduct moving ex-

penses even if you do not itemize your deductions. If you are not reimbursed, deduct on line 23, Form 1040, your allowable moving expenses shown on line 13, Form 3903 or Form 3903F.

Include all reimbursements and allowances that your employer pays you for any part of your move in gross income for the year in which you receive them. These amounts should be included in the total income on your Form W-2. Report this amount on line 8, Form 1040. Show any amount not included on your Form W-2 on line 12, Form 3903 or Form 3903F. If this amount is more than your allowable moving expenses, enter the excess on line 14, Form 3903 or Form 3903F, and on line 21, Form 1040. If your allowable moving expenses are more than the amount on line 12, Form 3903 or Form 3903F, show your allowable moving expenses on line 13, Form 3903 or Form 3903F, and on line 23, Form 1040. Filled-in Forms 3903 and 3903F are shown at the end of this publication.

Do not include in gross income any moving expense payment you received under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. These payments are made to persons displaced from their homes, businesses, or farms by federal projects.

Example 1. To get you to work in another city, your new employer reimburses you for the $7,500 loss on the sale of your home. You must include the $7,500 in your income.

Example 2. You lived in Boston and accepted a job in Atlanta. You sold your home at a loss and bought a new one in Atlanta. Your employer reimbursed you for the loss on the sale of your former home, your actual traveling expenses from Boston to Atlanta, and the cost of moving your furniture to Atlanta. These amounts are included in your Form W-2. You must include the total reimbursement as income on line 8, Form 1040, even though some of the expenses are deductible as moving expenses and others (loss on your home) are not.

Reimbursements received in later years for your moving expenses are included in your income in the year received.

Example. You moved in December 1979 and had deductible moving expenses that you deducted on your 1979 income tax return. Your employer reimbursed you for the moving expenses in January 1980. The reimbursement is included in your income for 1980.

Allowance in kind. You must include in your gross income the value of moving services provided by your employer to you or members of your family. You include that amount in income in the year you receive the services. If your employer paid someone to provide the services, you must include the amount paid in your gross income in the year your employer made the payment.

When to deduct. Deduct your moving expenses in the year you had them or paid them. If you use the cash method of accounting (most individuals who are not self-employed use this method), you may choose to deduct moving expenses in the year you are reimbursed by your employer if:

1) You paid the expenses in a year before the year of reimbursement, or
2) You paid the expenses in the year immediately after reimbursement but by the due date (including extensions) for filing your return for the reimbursement year.

You may choose to deduct moving expenses in the year that you received reimbursement by taking the deduction on the return, or amended return, for that year.

The following examples explain these rules:

Example 1. Your employer transfers you to another city in December 1979, where you still work. You are not reimbursed for your moving expenses. In 1979 you pay for a househunting trip, travel to the new city, temporary living expenses, and moving your furniture. In 1980 you pay additional temporary living expenses and certain deductible expenses of selling your home and buying a new one.

You must deduct your 1979 expenses in 1979 and your 1980 expenses in 1980. However, some of your moving expenses are subject to the *Dollar limits*, discussed earlier. The dollar limits apply to the total of these moving expenses, not separately to the expenses you deducted each year. Show on your 1980 Form 3903 the amounts you deducted on your 1979 Form 3903 that were subject to the limits. If you deducted $1,000 in 1979 for househunting and temporary living expenses, you may deduct up to $500 for these expenses in 1980. In 1980 temporary living expenses are $800, the cost of selling your home is $3,500, and the cost of buying a new home is $500. Your 1980 deduction for these expenses is limited to $2,000. Your 1980 Form 3903 should show:

Line 3 Househunting expenses	$-0-	
Line 4 Temporary living expenses	800	
Line 5 Total of lines 3 and 4	$800	
Line 6 The lesser of line 5 or $1,500 minus $1,000 deducted in 1979		$ 500
Above line 6 write "$1,000 deducted in 1979."		
Line 7 Expenses of selling home		3,500
Line 8 Expenses of buying home		500
Line 9 Total of lines 6, 7, and 8		$4,500
Line 10 The lesser of line 9 or $3,000 minus $1,000 deducted in 1979		$2,000
Above line 10 write "$1,000 deducted in 1979."		

Example 2. Your employer transferred you to another city in December 1979, where you still work. Your employer reimbursed you in 1980 for your moving expenses. This reimbursement is included in your 1980 Form W-2. You may deduct your moving expenses as shown in Example 1, or you may deduct all your allowable moving expenses in 1980. In either case, your total deduction is the same.

Example 3. Your employer transferred you to another city in December 1980, where you still work. You moved in 1980 and 1981. Your employer paid you a flat amount in December 1980 to move. This amount was included in your 1980 Form W-2. You paid your 1981 expenses by the due date for filing your 1980 return. You may deduct your 1980 moving expenses in 1980 and your 1981 moving expenses in 1981 (see Example 1). Or, you may deduct all your allowable moving expenses in 1980. In either case, your total deduction is the same.

Members of the armed forces. If you are a member of the armed forces on active duty and you move because of a permanent change of station, do not include in income reimbursements, allowances, and the value of moving and storage services provided by the government. However, if your reimbursements or allowances are more than your actual moving expenses, include the difference in income.

A permanent change of station includes:

1) A move from your home to the area of your first post of duty when you begin active duty,
2) A move from your last post of duty to your home or a place in the United States that is closer to your last post of duty, if you move within one year of ending your active duty or within the period allowed under the Joint Travel Regulations, or
3) A move from one permanent post of duty to another.

If a member of the armed forces dies, deserts, or is imprisoned, a permanent change of station for the spouse or dependent includes a move to the place of enlistment, to the member's home, to the spouse's home, to the dependent's home, or to any nearer place in the United States.

If you are required to relocate and your spouse and dependents move to a different location, do not include in income reimbursements, allowances, or the value of moving and storage services provided by the government to move you and your spouse and dependents to and from the separate locations.

Do not deduct any moving expenses for moving services that were furnished by the military or that were reimbursed to you and that you did not include in income. However, you may deduct any unreimbursed moving expenses you have, subject to the *Dollar limits*, discussed earlier under *Moves Within or To the United States* and *Moves Outside the United States*.

If the military moves you and your spouse and dependents to or from separate locations, the moves are treated as a single move to your new main job location.

The time and distance tests, discussed earlier, do not apply to moving expenses of members of the armed forces.

Retired people and survivors living outside the United States. If you meet the requirements discussed in the following paragraphs,

you may deduct your expenses of moving to the United States. You do not have to meet the *Time Test*, discussed earlier. You are subject to the *Dollar limits*, discussed earlier under *Moves Within or To the United States*. You should file Form 3903 with your return.

Retirees moving to the United States. You may deduct moving expenses for a move to a new home in the United States when you retire, if both your former main job location and former home were outside the United States.

Survivors moving to the United States. You may deduct moving expenses for a move to a home in the United States, if you are the spouse or the dependent of a person whose main job location at the time of death was outside the United States. The move must begin within 6 months after the decedent's death and must be from a former home outside the United States that you lived in with the decedent at the time of death.

Withholding of Taxes

Your employer is not required to withhold income tax or social security tax on allowances or reimbursements for moving expenses, nor are these amounts subject to the Federal Unemployment Tax Act (FUTA), if your employer reasonably believes that you will be able to deduct the expenses. This means that at the time your employer pays the allowance or reimbursement, your employer reasonably believes that you will meet the 35-mile distance test and the 39-week time test, and that the expenses will be deductible.

If you have nondeductible moving expenses or do not meet the 35-mile distance test or probably will not meet the 39-week time test, the reimbursement or allowance is subject to withholding of both income tax and social security tax. These amounts are also subject to FUTA tax.

If your employer reimburses you for both deductible and nondeductible moving expenses with no specific allocation to either, your employer must apply the allowance first to the deductible moving expenses that are not subject to withholding. Any remainder is treated as an allowance for nondeductible moving expenses subject to withholding of income tax and social security tax.

Form 4782. Your employer must provide a statement to each employee to whom a reimbursement or payment of moving expenses was made. Although not mandatory, it is suggested that the employer use Form 4782, *Employee Moving Expense Information*. This form is designed to show whether reimbursement or payment was made to you or to a third party for your benefit, or whether services were provided in kind to you. The employer must provide a separate form or statement for each move for which reimbursement or payment is made.

The amounts shown on Form 4782 must also be included in block 10, *Wages, tips, other compensation*, on your Form W-2, *Wage and Tax Statement*. A separate Form W-2 may be provided.

Income tax to be withheld. If the reimbursements or allowances are subject to withholding, and they are paid in the same payment with regular wages, the income tax to be withheld must be figured as if the total of the reimbursements or allowances and regular wages were a single wage payment for the regular payroll period. If the reimbursements or allowances are paid separately from regular wages, the method of withholding income tax depends in part on whether income tax has been withheld from your regular wages.

If your employer has not withheld income tax from your regular wages (for example, when your withholding exemptions are more than your wages), your employer must add the reimbursements or allowances to the regular wages paid for the current or last preceding payroll period within the same calendar year and withhold income tax as though the reimbursements or allowances and regular wages were one payment.

If your employer has withheld income tax from your regular wages, your employer may choose either of two methods for withholding income tax on the reimbursements or allowances:

1) Withhold at a flat percentage rate of 20% without allowing for any withholding exemptions you claimed on your Form W-4, or
2) Add the reimbursements or allowances to the regular wages paid you for the current or last preceding payroll period within the same calendar year and figure the income tax to be withheld as if the total amount were a single payment, subtract the tax already withheld from the regular wage payment, and withhold the remaining tax from the reimbursements or allowances.

Limit on social security tax to be withheld. Social security tax is withheld from reimbursements and allowances for nondeductible moving expenses (or if you have not met the 35-mile distance test or probably will not meet the 39-week time test) until these reimbursements or allowances plus your regular wages reach a combined maximum of $25,900 for 1980.

Self-Employed

If you are self-employed, you may deduct the same moving expenses that are deductible by employees. However, do not deduct househunting or temporary living expenses unless you have made firm plans to begin work at the new location. Also, you must meet the 35-mile distance test, and in addition to the 39-week time test, you must satisfy the 78-week time test described earlier. Whether you perform services full time during any week depends on the custom for your type of work in your area.

For example, if you are a self-employed dentist and maintain office hours 4 days a week, you are considered to perform services full time if it is not unusual for other self-employed dentists in the area to maintain office hours 4 days a week.

If your trade or business is seasonal, the weeks in the off-season when no work is required or available may be counted as weeks of full-time employment only if the off-season is less than 6 months and you perform services full time ***before*** and ***after*** the off-season.

For example, if you own and operate a motel at a beach resort, you are considered self-employed on a full-time basis during the weeks of the off-season if the motel is closed for less than 6 months and if you work as a full-time operator of the motel both before and after the off-season closing.

You are considered to be self-employed on a full-time basis during any week you are temporarily absent from work because of illness, strikes, natural disasters, or similar causes.

You are self-employed if you work as the sole owner of a business, or as a partner in a partnership carrying on a business. You are not considered to be self-employed if you are semi-retired, a part-time student, or work only a few hours each week.

To deduct expenses for pre-move househunting trips and temporary living expenses, you are considered to have obtained work at your new main job location when you have made firm plans to begin work at the new location. Factors to be considered are the nature of your work or business and whether you have:

1) Leased or bought the plant, shop, store, equipment, or other property to be used in your trade or business,
2) Made arrangements to buy inventory or supplies,
3) Hired employees, and
4) Made arrangements to contact customers and advertise.

Example. You own a growing chain of drugstores in Houston, Texas, and decide to move to Dallas, Texas, to open a drugstore there. You make several trips to Dallas to look at sites for the new store. After signing the lease on a building in a shopping center, you buy equipment and hire employees. Shortly before opening the store, you and your spouse take temporary housing in a motel until your apartment is available. By the time you and your spouse take temporary housing in the motel, you are considered to have made firm plans to begin work at your new main job location.

If you are self-employed and must file a declaration of estimated tax, Form 1040-ES, you may consider deductible moving expenses in figuring your estimated tax. You need not have met the 78-week time test at the time of the estimate if you are reasonably sure you will later meet it. However, see *Time test not met*, earlier. For details about estimated tax returns, see Publication 505, *Tax Withholding and Estimated Tax*.

Example—Moving Within the United States

John Smith is married and has two children. He owned his home in Detroit where he worked. His employer told him on February 6, 1980, that he would be transferred to San Diego as of April 9, 1980. His wife Peggy flew to San Diego on March 1 to look for a new home. She put down $3,000 on a house being built and came back to Detroit on March 4. The Smiths sold their Detroit home for $1,500 less than they paid for it and contracted to have their things moved to San Diego on April 2. The family drove to San Diego where they found that their new home was not finished. They stayed in a nearby motel until the house was ready May 2. John went to work in the San Diego plant on April 9 where he still works.

His records for the move show:

1) Peggy Smith's premove househunting trip (includes travel, meals, and lodging)		$ 398.75
2) Down payment on San Diego home		3,000.00
3) Real estate commission paid on sale of Detroit home		3,500.00
4) Loss on sale of Detroit home		1,500.00
5) Amount paid for moving furniture, other household goods, and personal effects		1,704.95
6) Expenses of driving to San Diego: Mileage (Start 14,278; End 16,593) 2,315 miles at 9 cents a mile	$208.35	
Meals and lodging	324.25	532.60
7) Cost of temporary housing in San Diego: Motel rooms	$427.20	
Meals	622.80	1,050.00
Total		$11,686.30

John was reimbursed $8,686.30 by his employer for everything except the down payment on the San Diego house. The reimbursement was included on John's Form W-2, *Wage and Tax Statement*, and John must include it in his income on line 8, Form 1040.

Because of the various limits (see *Dollar limits*, earlier) John takes each item into account separately to figure his moving expense deduction:

Item 5, moving furniture, etc.		$1,704.95
Item 6, driving to San Diego		532.60
Item 1, househunting trip	$ 398.75	
Item 7, temporary living expenses	1,050.00	
Total	$1,448.75	
Househunting and temporary living expenses cannot be more than the amount spent or $1,500, whichever is less	$1,448.75	
Add item 3, commission paid	3,500.00	
Total	$4,948.75	
Deduction for househunting, temporary living expenses, and costs of selling home cannot be more than the amount spent or $3,000, whichever is less		3,000.00
Total deductible moving expenses		$5,237.55

John should use Form 3903, *Moving Expense Adjustment*, to figure his deduction. (Form 3903 is shown at the end of this publication.) He also enters his deduction, $5,237.55, on line 23, Form 1040.

Item 2, the down payment on the San Diego home, is not a moving expense. If any part of it were for payment of deductible taxes or interest on the mortgage on the house, that part would be deductible as an itemized deduction.

Item 3, the real estate commission paid on the sale of the Detroit home, could have been used in figuring the gain or loss on the sale. If John used it for that purpose, it would not be deductible as a moving expense and could not be used here. Because it would only increase the nondeductible loss on the sale of the house, John chose to use it as part of his deductible moving expenses.

If John had sold his home at a gain, he could reduce the amount of gain by the part of the sale commission that he could not deduct as a moving expense. This is $1,948.75, the total sale commission of $3,500 minus $1,551.25 deducted as part of the moving expenses. The $1,551.25 is the difference between the $3,000 limit and the $1,448.75 househunting and temporary living expenses.

Item 4, the loss on the sale of the Detroit home, is not a moving expense. The Smiths may not deduct it on their federal income tax return, even though John's employer reimbursed him for it.

Item 6, the expenses of driving to San Diego, are not John's actual expenses. He did not want to keep records of his actual expenses for gas and oil. So he deducted the 9 cents a mile that is allowed. He recorded the mileage shown on his odometer at the beginning and end of the trip to verify the actual mileage to San Diego.

John's employer withheld income tax and social security tax on the difference between the $8,686.30 reimbursement and John's deductible moving expenses of $5,237.55, or $3,448.75. His employer may include the entire $8,686.30 in the *Wages, tips, other compensation* block on John's Form W-2, or he may give John a separate Form W-2 for the $8,686.30 reimbursement.

John's employer gave him Form 4782 for the amount of reimbursement. This form is shown at the end of this publication.

Example—Moving to a Foreign Country

Mark Green is married and has two children. He and his wife, Mary, owned their home in the Washington, D.C. area where he worked. He was notified by his employer on January 19, 1980, that he would be transferred to London, England, as of March 19, 1980. The Greens sold their Washington home, which they owned for a few years, for more than they paid for it. Mary and the children stayed in the home until the children finished the school year. Mark flew to London on March 17 and moved into a hotel that his employer had arranged for him. He stayed in the hotel through June 15. Mark went to work in the London office on March 19 where he still works. On May 5, Mark paid $3,000 as a security deposit on a furnished home in the London area that could be occupied on June 16. Their things were moved out of their home on June 14. Most of their things were put in storage in Washington; the rest were shipped to London. Mary and the children stayed in a nearby motel on June 14 and flew to London on June 15, where they stayed in a hotel that night. Mark and his family moved into their leased home on June 16.

His records for the move show:

1) Expenses paid on sale of Washington home	$7,850.75
2) Mark's traveling expenses to London: Travel $392.00; Meals and lodging $68.20	460.20
3) Security deposit on lease of London home	3,000.00
4) Mark's temporary living expenses in London from March 18 through June 15 (90 days): Hotel room $3,402.00; Meals $2,430.50	5,832.50
5) Amount paid in 1980 for moving and storing furniture, other household goods, and personal effects: Moving $2,640.85; Storage $1,479.50	4,120.35
6) Family's traveling expenses to London: Travel $754.50; Meals and lodging $170.20	924.70
Total	$22,188.50

Mark was reimbursed $19,188.50 by his employer for everything except the security deposit on the London home. This amount was included on a Form W-2, *Wage and Tax Statement*, Mark received and must be included in his income on line 8, Form 1040.

Because of the various limits (see *Dollar limits*, earlier) Mark takes each item into account separately to figure his moving expense deduction:

Item 5, moving and storing furniture, etc.		$ 4,120.35
Items 2 and 6, expenses of travel to London ($460.20 plus $924.70)		1,384.90
Item 4, temporary living expenses	$ 5,832.50	
Househunting and temporary living expenses cannot be more than the amount spent or $4,500, whichever is less (Note: there is no househunting expense)	$ 4,500.00	
Add item 1, expense of selling home	7,850.75	
Total	$12,350.75	
Deduction for temporary living expenses and cost of selling home cannot be more than the amount spent or $6,000, whichever is less		6,000.00
Total deductible moving expenses		$11,505.25

Mark should use Form 3903F, *Foreign Moving Expense Adjustment*, to figure his deduction. (Form 3903F is shown in this publication.) He also enters his deduction, $11,505.25, on line 23, Form 1040.

Item 1, all the expenses paid on the sale of the Washington, D.C. home, could have been used in figuring the gain or loss on the sale. If Mark used it for that purpose, it would not be deductible as a moving expense and could not be used here. It was to his advantage to

use $1,500 of his $7,850.75 selling expenses as a moving expense ($6,000 limit for temporary living expenses and sale-related expenses, minus $4,500 limit for temporary living expenses). Therefore, he can use the balance of $6,350.75 ($7,850.75 minus $1,500) to reduce the gain on the sale.

Item 2, Mark's travel expenses to London include the cost of meals and lodging in London on March 17, the day he arrived. Items 2 and 6 are added together and entered on line 2, Form 3903F.

Item 3, the $3,000 security deposit on the lease of the London home, is not a moving expense. See *Security deposit* under *Nondeductible Moving Expenses,* earlier.

Item 4, Mark's temporary living expenses from March 18 through June 15 (90 days) were $5,832.50. This amount is entered on line 4, Form 3903F. Because it is more than the $4,500 limit, only $4,500 is entered on line 6.

Item 5, moving and storage expenses for furniture, other household goods, and personal effects were $4,120.35. $1,479.50 of this was paid for storing his things in Washington in 1980. As long as Mark stays on his London job, he can deduct the amount he pays each year to store his things. If he does not have any other moving expense for the year, all he has to do is enter the amount on the moving expense line on his Form 1040 and write "storage fees" to the left of the entry space. He does not have to use Form 3903F.

Item 6, Mary's and the children's travel expenses to London include the cost of their meals and lodging in the Washington area on June 14 (the day their things were moved out of their home) and the cost of their meals and lodging in London on June 15, the day they arrived. Items 2 and 6 are added together and entered on line 2, Form 3903F.

Mark's employer took out income tax on the difference between the $19,188.50 reimbursement and Mark's deductible moving expenses of $11,505.25, or $7,683.25. His employer may include the entire $19,188.50 in the *Wages, tips, other compensation* block on Mark's Form W-2 or he may give Mark a separate Form W-2 for the $19,188.50. His employer did not take out social security tax because Mark already earned $25,900 (the limit for paying social security tax).

Mark's employer gave him Form 4782 (not shown for this example) for the amount reimbursed.

Note: You may be able to deduct some of your living expenses if you live and work overseas. You should get Publication 54, *Tax Guide for U.S. Citizens Abroad.* This publication also should be available at Internal Revenue offices overseas or at U.S. embassies or consulates. If it is not available, write the Office of International Operations, Internal Revenue Service, Washington, D.C. 20225.

Form **4782**
(Rev. August 1980)
Department of the Treasury
Internal Revenue Service

Employee Moving Expense Information

Payments made during the calendar year 1980

(Keep for your Records)

Name of employee: JOHN SMITH

Social Security number: 000 : 00 : 0000

Address (Number and street): 95 ATWATER DRIVE

City, State, and ZIP code: SAN DIEGO, CALIFORNIA 92175

Moving Expense Payments

Type of expense	Amount paid to employee	Amount paid to a third party for benefit of employee	Value of services furnished in-kind	Total
A. Transportation expenses in moving household goods and personal effects (Including storage expenses for a foreign move)	1,704.95			1,704.95
B. Travel, meals, and lodging expenses in moving from former to new residence	532.60			532.60
C. Pre-move travel, meals, and lodging expenses in searching for a new residence after obtaining employment	398.75			398.75
D. Temporary living expenses in new location or area during any 30 consecutive days after obtaining employment (90 consecutive days for a foreign move)	1,050.00			1,050.00
E. Qualified expenses attributable to the sale, purchase, or lease of a residence	3,500.00			3,500.00
All other payments (specify) REIMBURSED LOSS ON SALE OF HOME	1,500.00			1,500.00
				8,686.30

Form **3903**
Department of the Treasury
Internal Revenue Service

Moving Expense Adjustment

▶ Attach to Form 1040.

1980

Name(s) as shown on Form 1040

JOHN AND PEGGY SMITH

Your social security number: 000 00 0000

(a) What is the distance from your **former** residence to your **new** job location? 2,315 miles

(b) What is the distance from your **former** residence to your **former** job location? 5 miles

(c) If the distance in (a) is 35 or more miles farther than the distance in (b), complete the rest of this form. If the distance is less than 35 miles, you cannot take a deduction for moving expenses. This rule does not apply to members of the armed forces.

1	Transportation expenses in moving household goods and personal effects					1	1,704 95
2	Travel, meals, and lodging expenses in moving from former to new residence					2	532 60
3	Pre-move travel, meals, and lodging expenses in searching for a new residence after getting your job	3	398	75			
4	Temporary living expenses in new location or area during any 30 consecutive days after getting your job	4	1,050	00			
5	Total. Add lines 3 and 4	5	1,448	75			
6	Enter the smaller of line 5 or $1,500 ($750 if married filing a separate return and you lived with your spouse who also started work during the tax year)				6	1,448 75	
7	Expenses for: (Check only one box) (a) ☑ sale or exchange of your former residence; or, (b) ☐ if renting, settlement of unexpired lease on your former residence				7	3,500 00	
8	Expenses for: (Check only one box) (a) ☐ buying a new residence; or, (b) ☐ if renting, getting a lease on a new residence				8		
9	Total. Add lines 6, 7, and 8				9	4,948 75	
	Note: *Amounts on lines 7(a) and 8(a) not deducted because of the $3,000 (or $1,500) limit on moving expenses may generally be used either to decrease the gain on the sale of your residence, or to increase the basis of your new residence.*						
10	Enter the smaller of line 9 or $3,000 ($1,500 if married, filing a separate return, and you lived with your spouse who also started work during the tax year)					10	3,000 00
11	Total moving expenses. Add lines 1, 2, and 10					11	5,237 55
12	Reimbursements and allowances received for this move. Do not report amounts included on your Form W-2					12	
13	If line 12 is less than line 11, enter the difference here and on Form 1040, line 23					13	5,237 55
14	If line 12 is larger than line 11, enter the difference here and on Form 1040, line 21, as "Excess moving reimbursement"					14	

Form **3903F**
Department of the Treasury
Internal Revenue Service

Foreign Moving Expense Adjustment

▶ Attach to Form 1040.

1980

Name(s) as shown on Form 1040

MARK AND MARY GREEN

Social security number: 000 00 0000

(a) City and country in which your former place of work was located ▶ WASHINGTON, D.C., U.S.A.

(b) City and country in which your new place of work is located ▶ LONDON, ENGLAND

1	Transportation and storage expenses for household goods and personal effects				1	4,120 35
2	Travel, meals, and lodging expenses in moving from former to new residence				2	1,384 90
3	Pre-move travel, meals, and lodging expenses in searching for a new residence after getting your job	3	-0-			
4	Temporary living expenses in new location or area during any 90 consecutive days after getting your job	4	5,832	50		
5	Total (Add lines 3 and 4)	5	5,832	50		
6	Enter the smaller of line 5 or $4,500 ($2,250 if married filing a separate return and you lived with your spouse who also started work during the tax year)			6	4,500	00
7	Expenses for: (Check one.) (a) ☑ sale or exchange of your former residence; or, (b) ☐ if renting, settlement of unexpired lease on your former residence			7	7,850	75
8	Expenses for: (Check one.) (a) ☐ buying a new residence; or, (b) ☐ if renting, getting a lease on a new residence			8		
9	Total (Add lines 6, 7, and 8.)			9	12,350	75
10	Enter the smaller of line 9 or $6,000 ($3,000 if married filing a separate return and you lived with your spouse who also started work during the tax year)				10	6,000 00
	Note: *Amounts on lines 7(a) and 8(a) not deducted because of the $6,000 (or $3,000) limitation may generally be used either to decrease the gain on the sale of your residence, or to increase the basis of your new residence.*					
11	Total moving expenses (Add lines 1, 2, and 10.)				11	11,505 25
12	Reimbursements and allowances received for this move (other than amounts included on Form W-2)				12	
13	If line 12 is less than line 11, enter the difference here and on Form 1040, line 23				13	11,505 25
14	If line 12 is more than line 11, enter the difference here and on Form 1040, line 21, as "Excess moving reimbursement"				14	